



UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

June 2021 Grand Jury

UNITED STATES OF AMERICA,

Plaintiff,

v.

JOHN PAUL THROPAY, M.D.,
PATRICIA INELIA MOREIRA,
ARUTYAN KARKOTSYAN,
aka "Harout," and
RAUL DE LUNA SISON,
aka "Raulito,"
aka "Lito,"

Defendants.

CR 20-418 (A) -MWF

F I R S T
S U P E R S E D I N G
I N D I C T M E N T

[18 U.S.C. § 1347: Health Care Fraud; 18 U.S.C. § 1349: Conspiracy to Commit Health Care Fraud; 18 U.S.C. § 371: Conspiracy to Solicit, Receive, and Pay Illegal Remuneration for Health Care Referrals; 42 U.S.C. § 1320a-7b(b): Illegal Remuneration for Health Care Referrals; 18 U.S.C. §§ 981 and 982 and 28 U.S.C. § 2461(c): Criminal Forfeiture]

The Grand Jury charges:

COUNTS ONE THROUGH TEN

[18 U.S.C. §§ 1347, 2]

A. INTRODUCTORY ALLEGATIONS

At times relevant to this First Superseding Indictment:

1. Blue Sky Hospice, Inc. ("Blue Sky"), was a hospice care provider located at 16935 Vanowen Street, Suite 205, Van Nuys,

1 California 91406.

2 2. Defendant JOHN PAUL THROPAY, M.D., was a resident of
3 Arcadia, California. Defendant THROPAY was a physician licensed in
4 California who worked for Blue Sky from approximately October 2014 to
5 October 2016. From at least July 2015 to July 2016, defendant
6 THROPAY was the Medical Director of Blue Sky. Defendant THROPAY was
7 also the Medical Director associated with several other hospice
8 companies.

9 3. Defendant PATRICIA INELIA MOREIRA was a resident of
10 Winnetka, California. Defendant MOREIRA, a registered nurse licensed
11 in California, was a co-owner of Blue Sky and the Director of Nursing
12 ("DON") at Blue Sky from approximately 2013 to 2019.

13 4. Defendant ARUTYAN KARKOTSYAN, also known as "Harout," was a
14 co-owner of Blue Sky.

15 5. Raul De Luna Sison, also known as "Raulito" and "Lito," was
16 a patient recruiter who worked for Blue Sky from approximately 2014
17 to 2019.

18 6. NURSE 1 was a licensed vocational nurse licensed in
19 California who worked for Blue Sky.

20 7. NURSE 2 was a registered nurse licensed in California who
21 worked for Blue Sky.

22 8. NURSE 3 was a licensed vocational nurse licensed in
23 California who worked for Blue Sky.

24 9. Blue Sky had a bank account at Wells Fargo Bank N.A. with
25 an account number ending -2452 ("WF x2452"). Defendants MOREIRA and
26 KARKOTSYAN were authorized signers on WF x2452.

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1 The Medicare Program

2 10. Medicare was a federal health care benefit program,
3 affecting commerce, that provided benefits to individuals who were
4 65 years and older or disabled. Medicare was administered by the
5 Centers for Medicare and Medicaid Services ("CMS"), a federal agency
6 under the United States Department of Health and Human Services.
7 Medicare was a "health care benefit program" as defined by Title 18,
8 United States Code, Section 24(b) and a "Federal health care program"
9 as defined by Title 42, United States Code, Section 1320a-7b(f).

10 11. Individuals who qualified for Medicare benefits were
11 referred to as Medicare "beneficiaries." Each Medicare beneficiary
12 was given a Health Identification Card Number ("HICN") unique to that
13 beneficiary.

14 12. Hospices, physicians, and other health care providers who
15 provided services to beneficiaries that were reimbursed by Medicare
16 were referred to as "providers."

17 13. To become eligible to participate in Medicare, Medicare
18 required prospective providers to be licensed by a state or local
19 agency. After obtaining the applicable license, Medicare required
20 prospective hospice providers to submit an application in which the
21 prospective provider agreed to: (a) comply with all Medicare-related
22 laws and regulations, including the Federal Anti-Kickback Statute, 42
23 U.S.C. § 1320a-7b(b), which prohibits the offering, paying,
24 soliciting, or receiving of any remuneration for the referral of
25 Medicare beneficiaries; and (b) not submit claims for payment to
26 Medicare knowing they were false or fraudulent or with deliberate
27 ignorance or reckless disregard of their truth or falsity. If
28 Medicare approved the application, Medicare assigned the provider an

1 identifying number, which enabled the provider to submit claims to
2 Medicare for reimbursement for services provided to Medicare
3 beneficiaries.

4 14. Medicare was divided into different program "parts": Part
5 A, Part B, Part C, and Part D. Medicare covered hospice services for
6 those beneficiaries who were eligible for Medicare Part A (hospital-
7 related services).

8 15. To qualify for reimbursement for hospice services, Medicare
9 required: (1) a physician to certify that the beneficiary was
10 terminally ill; and (2) the beneficiary to sign an election form
11 statement choosing hospice care instead of other Medicare benefits.
12 Medicare considered a beneficiary to be "terminally ill" if the
13 beneficiary's life expectancy was six months or less if the
14 beneficiary's illness ran its normal course. Hospice services
15 reimbursed by Medicare were palliative in nature and included, but
16 were not limited to, medications to manage pain symptoms, necessary
17 medical equipment, and bereavement services to surviving family
18 members. Once a beneficiary chose hospice care, Medicare would not
19 cover treatment intended to cure the beneficiary's terminal illness.
20 The election form was required to include an acknowledgement that the
21 beneficiary had been given a full understanding of hospice care,
22 including the palliative rather than curative nature of treatment,
23 and an acknowledgement that the beneficiary understood that certain
24 Medicare services were waived by the election.

25 16. If the beneficiary had a primary care physician ("PCP"),
26 Medicare required the PCP and a physician at a hospice to certify in
27 writing that the beneficiary was terminally ill with a life
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1 expectancy of six months or less, if the terminal illness ran its
2 normal course.

3 17. A beneficiary could elect to receive hospice benefits for
4 two periods of 90 days and, thereafter, additional service for
5 periods of 60 days per period.

6 18. After the second 90-day period, for the beneficiary to
7 continue to receive hospice benefits, Medicare required that a
8 physician re-certify that the beneficiary was terminally ill and
9 include clinic findings or other documentation supporting the
10 diagnosis of terminal illness. For re-certifications, Medicare
11 required a hospice physician or nurse practitioner to meet with the
12 beneficiary in person and conduct a face-to-face evaluation before
13 signing a certification of terminal illness.

14 19. Most providers, including Blue Sky, submitted their claims
15 electronically pursuant to an agreement with Medicare that they would
16 submit claims that were accurate, complete, and truthful.

17 B. THE FRAUDULENT SCHEME

18 20. Beginning no later than in or around August 2013, and
19 continuing through at least in or around June 2019, in Los Angeles
20 County, within the Central District of California, and elsewhere,
21 defendants MOREIRA and KARKOTSYAN, together with defendant THROPAY
22 beginning no later than in or around October 2014 and continuing
23 through at least in or around October 2016, and together with NURSE 1
24 and NURSE 2 and others known and unknown to the Grand Jury, aiding
25 and abetting each other, knowingly, willfully, and with intent to
26 defraud, executed and willfully caused to be executed a scheme and
27 artifice: (1) to defraud a health care benefit program, namely,
28 Medicare, as to material matters in connection with the delivery of

1 and payment for health care benefits, items, and services; and (2) to
2 obtain money from Medicare by means of material false and fraudulent
3 pretenses, representations, and promises, and the concealment of
4 material facts in connection with the delivery of and payment for
5 health care benefits, items, and services.

6 21. The scheme to defraud operated, in substance, as follows:

7 a. In operating Blue Sky, defendants MOREIRA and
8 KARKOTSYAN paid recruiters, known as "marketers" or "cappers,"
9 including Sison, NURSE 1, NURSE 2, NURSE 3, and others, illegal
10 kickbacks in exchange for referring beneficiaries to Blue Sky. The
11 amount of the kickback varied, but was approximately \$800 per
12 beneficiary per month the beneficiary remained on hospice care with
13 Blue Sky. The recruiters often paid the Blue Sky beneficiaries they
14 recruited a portion of this kickback, usually approximately \$300 to
15 \$400 per month that the beneficiary remained on hospice care with
16 Blue Sky.

17 b. If the beneficiary recruited was eligible to receive
18 hospice benefits from Medicare, defendant MOREIRA directed a nurse or
19 physician, such as defendant THROPAY, to conduct an evaluation of the
20 beneficiary. Blue Sky paid defendant THROPAY for performing
21 evaluations of Medicare beneficiaries.

22 c. During these evaluations, defendant THROPAY often
23 conducted only a cursory examination, without consulting medical
24 records or the beneficiary's PCP about the beneficiary's conditions,
25 diagnoses, or prognoses, before falsely certifying that the
26 beneficiaries were terminally ill. In fact, and as defendant THROPAY
27 knew from his purported examinations of the beneficiaries, the
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1 overwhelming majority of the Blue Sky hospice beneficiaries he saw
2 were not terminally ill.

3 d. In order to induce beneficiaries to continue to sign
4 up for the unnecessary hospice care for which Blue Sky would receive
5 payment from Medicare, defendant THROPAY would fail to explain to the
6 beneficiaries either that he was certifying them as having a terminal
7 illness that would likely cause them to die in six months or less or
8 the nature of hospice services, including that accepting services
9 from Blue Sky hospice would affect the beneficiaries' ability to
10 receive services from other providers, including their PCPs.

11 e. After defendant THROPAY's certification, defendant
12 MOREIRA directed NURSE 2 or another registered nurse, to conduct an
13 initial assessment of the beneficiary. At the direction of defendant
14 MOREIRA, NURSE 2 sometimes signed prefilled patient records and/or
15 falsified patient records for assessments NURSE 2 never conducted.
16 Once the beneficiary was admitted to hospice, defendant MOREIRA
17 directed NURSE 1 or another licensed vocational nurse to visit the
18 patients. Defendant MOREIRA directed NURSE 1 to sign revised visit
19 notes that made the patients look sicker than they really were and
20 fabricated patient records for visits NURSE 1 never conducted.

21 f. Once the beneficiary was admitted to hospice,
22 defendants MOREIRA and KARKOTSYAN caused Blue Sky to fraudulently
23 bill Medicare for medically unnecessary hospice services for
24 beneficiaries obtained through the payment of illegal kickbacks.

25 g. Between October 2014 and October 2016, Blue Sky
26 submitted to Medicare approximately \$2,840,857 in claims for hospice
27 services provided to beneficiaries with defendant THROPAY listed as
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the attending physician on the claims, and was paid approximately \$1,665,700 based on these claims.

h. Between August 2013 and June 2019, defendants MOREIRA and KARKOTSYAN submitted to Medicare on Blue Sky's behalf approximately \$9,159,100 in claims for hospice services purportedly provided to beneficiaries and was paid approximately \$5,488,283 as a result. Defendants KARKOTSYAN and MOREIRA knew that some of these claims were caused by illegal kickbacks. Defendant MOREIRA knew that some of these claims were related to care that did not meet Medicare's coverage criteria and/or was not provided to the beneficiaries.

C. EXECUTIONS OF THE SCHEME TO DEFRAUD

22. On or about the dates set forth below, within the Central District of California, and elsewhere, defendants THROPAY, MOREIRA, and KARKOTSYAN, together with others known and unknown to the Grand Jury, aiding and abetting each other, knowingly and willfully executed and willfully caused the execution of the fraudulent scheme described above by submitting and causing to be submitted to Medicare the false and fraudulent claims identified below and caused Medicare to make the following payments:

COUNT	DEFENDANT(S)	CLAIM NO.	DATE CLAIM PAID	APPROX. AMOUNT OF CLAIM BILLED	BENE-FICIARY
ONE	THROPAY, MOREIRA, KARKOTSYAN	215246002 -80004CAR	9/17/2015	\$7,989	P.L.
TWO	THROPAY, MOREIRA, KARKOTSYAN	215246003 -02104CAR	9/28/2015	\$7,989	E.L.
THREE	THROPAY	215278003 -21504CAR	10/19/2015	\$7,095	M.L.

COUNT	DEFENDANT (S)	CLAIM NO.	DATE CLAIM PAID	APPROX. AMOUNT OF CLAIM BILLED	BENE- FICIARY
FOUR	THROPAY, MOREIRA, KARKOTSYAN	215308001 -82404CAR	11/18/2015	\$6,474	F.C.
FIVE	MOREIRA	215215003 -30904CAR	08/17/2015	\$5,488	C.D.
SIX	MOREIRA	215308003 -34204CAR	11/18/2015	\$9,040	S.M.
SEVEN	MOREIRA, KARKOTSYAN	215308002 -01104CAR	11/18/2015	\$11,000	C.E.
EIGHT	MOREIRA, KARKOTSYAN	216033003 -25704CAR	2/16/2016	\$8,600	A.A.
NINE	MOREIRA, KARKOTSYAN	216064002 -83404CAR	3/18/2016	\$7,025	M.V.
TEN	MOREIRA, KARKOTSYAN	216064002 -66004CAR	3/30/2016	\$7,077	E.K.

COUNT ELEVEN

[18 U.S.C. § 1349]

23. The Grand Jury incorporates paragraphs 1 through 19 and 21 through 22 of this First Superseding Indictment here.

A. OBJECT OF THE CONSPIRACY

24. Beginning no later than in or around August 2013, and continuing through at least in or around June 2019, in Los Angeles County, within the Central District of California, and elsewhere, defendants MOREIRA and KARKOTSYAN, together with defendant THROPAY beginning no later than in or around October 2014 and continuing through at least in or around October 2016, knowingly conspired with one another and with coconspirators NURSE 1 and NURSE 2, and others known and unknown to the Grand Jury, to commit health care fraud, in violation of Title 18, United States Code, Section 1347.

B. MANNER AND MEANS OF THE CONSPIRACY

25. The object of the conspiracy was carried out, and to be carried out, in substance, as set forth in paragraph 21 of this First Superseding Indictment.

COUNT TWELVE

[18 U.S.C. § 371]

26. The Grand Jury incorporates paragraphs 1 through 19 and 21 through 22 of this First Superseding Indictment here.

A. OBJECT OF THE CONSPIRACY

27. Beginning in or around August 2013, and continuing through in or around June 2019, in Los Angeles County, within the Central District of California, and elsewhere, defendants MOREIRA, KARKOTSYAN and SISON knowingly conspired with one another and with coconspirators NURSE 1 and NURSE 2, and others known and unknown to the Grand Jury, to commit the following offenses against the United States:

a. Knowingly and willfully soliciting and receiving remuneration in return for referring an individual to a person for the furnishing and arranging for the furnishing of any item or service for which payment may be made in whole or in part under a Federal health care program, in violation of Title 42, United States Code, Section 1320a-7b(b) (1) (A); and

b. Knowingly and willfully offering to pay and paying any remuneration to any person to induce such person to refer an individual to a person for the furnishing and arranging for the furnishing of any item or service for which payment may be made in whole or in part under a Federal health care program, in violation of Title 42, United States Code, Section 1320a-7b(b) (2) (A).

B. MANNER AND MEANS OF THE CONSPIRACY

28. The objects of the conspiracy were carried out, and to be carried out, in substance, as set forth in paragraph 21 of this First Superseding Indictment.

1 C. OVERT ACTS

2 29. On or about the following dates, in furtherance of the
3 conspiracy and to accomplish its objects, defendants MOREIRA,
4 KARKOTSYAN, and SISON, and coconspirators NURSE 1 and NURSE 2
5 committed, and willfully caused others to commit, the following overt
6 acts, among others, within the Central District of California and
7 elsewhere:

8 Overt Act No. 1: On August 11, 2015, defendants MOREIRA and
9 KARKOTSYAN paid NURSE 1 and NURSE 2 a total of approximately \$1,600
10 for recruiting E.L. and P.L. to receive hospice from Blue Sky.

11 Overt Act No. 2: On August 11, 2015, NURSE 1 and NURSE 2 paid
12 E.L. and P.L. a total of approximately \$1,000 for agreeing to receive
13 hospice from Blue Sky.

14 Overt Act No. 3: On September 30, 2015, defendants MOREIRA
15 and KARKOTSYAN paid NURSE 1 and NURSE 2 approximately \$800 for
16 recruiting F.C. to receive hospice from Blue Sky.

17 Overt Act No. 4: On September 30, 2015, NURSE 1 and NURSE 2
18 paid F.C. approximately \$300 for agreeing to receive hospice from
19 Blue Sky.

20 Overt Act No. 5: On October 2, 2015, defendant KARKOTSYAN
21 wrote a check to cash in the amount of \$800 drawn on the WF x2452
22 bank account and which was endorsed by NURSE 1, for the referral of
23 Medicare patients to Blue Sky.

24 Overt Act No. 6: On November 5, 2015, defendant KARKOTSYAN
25 wrote a check in the amount of \$800 drawn on the WF x2452 bank
26 account, and which was endorsed by NURSE 1, for the referral of
27 Medicare patients to Blue Sky.

1 Overt Act No. 7: On February 12, 2016, defendants MOREIRA and
2 KARKOTSYAN paid defendant SISON a total of approximately \$1,600 for
3 recruiting M.V. and E.K. to receive hospice from Blue Sky.

4 Overt Act No. 8: On February 12, 2016, defendant SISON paid
5 E.K. and M.V. a total of approximately \$400 for agreeing to receive
6 hospice from Blue Sky.

7 Overt Act No. 9: On February 25, 2016, defendants MOREIRA and
8 KARKOTSYAN paid defendant SISON approximately \$800 for recruiting
9 C.E. to receive hospice from Blue Sky.

10 Overt Act No. 10: On February 25, 2016, defendant SISON paid
11 C.E. approximately \$250 for agreeing to receive hospice from Blue
12 Sky.

COUNTS THIRTEEN THROUGH TWENTY-ONE

[42 U.S.C. § 1320a-7b(b) (2) (A); 18 U.S.C. § 2]

30. The Grand Jury incorporates paragraphs 1 through 19 and 21 through 22 of this First Superseding Indictment here.

31. On or about the dates set forth below, in Los Angeles County, within the Central District of California, and elsewhere, defendants MOREIRA, KARKOTSYAN, and SISON, aiding and abetting each other, knowingly and willfully offered and paid remuneration, namely, checks and cash in the amounts identified below, which constituted kickbacks to the individuals listed below for referring patients to Blue Sky for hospice services, for which payment could be made in whole and in part under a Federal health care program, namely, Medicare:

COUNT	DEFENDANT (S)	APPROX. DATE	PAYOR	PAYEE	APPROX. AMOUNT
THIRTEEN	KARKOTSYAN	10/2/2015	KARKOTSYAN	NURSE 1	\$800 (WF x2452 Check No. 1679)
FOURTEEN	KARKOTSYAN	11/5/2015	KARKOTSYAN	NURSE 1	\$800 (WF x2452 Check No. 1764)
FIFTEEN	MOREIRA	1/21/2016	MOREIRA	NURSE 3	\$900 (WF x2452 Check No. 1920)
SIXTEEN	MOREIRA, KARKOTSYAN	2/12/2016	MOREIRA, KARKOTSYAN	SISON	\$800

COUNT	DEFENDANT (S)	APPROX. DATE	PAYOR	PAYEE	APPROX. AMOUNT
SEVEN-TEEN	MOREIRA, KARKOTSYAN	2/12/2016	MOREIRA, KARKOTSYAN	SISON	\$800
EIGHT-TEEN	SISON	2/12/2016	SISON	M.V.	\$200
NINE-TEEN	SISON	2/12/2016	SISON	E.K.	\$200
TWENTY	MOREIRA, KARKOTSYAN	2/25/2016	MOREIRA, KARKOTSYAN	SISON	\$800
TWENTY-ONE	SISON	2/25/2016	SISON	C.E.	\$250

COUNTS TWENTY-TWO THROUGH TWENTY-FOUR

[42 U.S.C. § 1320a-7b(b) (1) (A); 18 U.S.C. § 2]

32. The Grand Jury incorporates paragraphs 1 through 19 and 21 through 22 of this First Superseding Indictment here.

33. On or about the dates set forth below, in Los Angeles County, within the Central District of California, and elsewhere, defendant SISON knowingly and willfully received remuneration, namely, cash in the amounts identified below, which constituted kickbacks from and to the individuals listed below for referring patients to Blue Sky for hospice services, for which payment could be made in whole and in part under a Federal health care program, namely, Medicare:

COUNT	APPROX. DATE	PAYOR	PAYEE	APPROX. AMOUNT
TWENTY-TWO	2/12/2016	MOREIRA, KARKOTSYAN	SISON	\$800
TWENTY-THREE	2/12/2016	MOREIRA, KARKOTSYAN	SISON	\$800
TWENTY-FOUR	2/25/2016	MOREIRA, KARKOTSYAN	SISON	\$800

FORFEITURE ALLEGATION ONE

[18 U.S.C. § 982]

1. Pursuant to Rule 32.2(a), Fed. R. Crim. P., notice is hereby given that the United States will seek forfeiture as part of any sentence, pursuant to Title 18, United States Code, Section 982(a)(7), in the event of any defendant's conviction of the offenses set forth in any of Counts One through Eleven of this First Superseding Indictment.

2. Any defendant so convicted shall forfeit to the United States of America the following:

(a) All right, title, and interest in any and all property, real or personal, that constitutes or is derived, directly or indirectly, from the gross proceeds traceable to the commission of any offense of conviction; and

(b) To the extent such property is not available for forfeiture, a sum of money equal to the total value of the property described in subparagraph (a).

3. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b), any defendant so convicted shall forfeit substitute property, up to the total value of the property described in the preceding paragraph if, as a result of any act or omission of said defendant, the property described in the preceding paragraph, or any portion thereof (a) cannot be located upon the exercise of due diligence; (b) has been transferred, sold to or deposited with a third party; (c) has been placed beyond the jurisdiction of the Court; (d) has been substantially diminished in value; or (e) has been commingled with other property that cannot be divided without difficulty.

FORFEITURE ALLEGATION TWO

[18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c)]

1. Pursuant to Rule 32.2 of the Federal Rules of Criminal Procedure, notice is hereby given that the United States of America will seek forfeiture as part of any sentence, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), in the event of any defendant's conviction of the offenses set forth in any of Counts Twelve through Twenty-Four of this First Superseding Indictment.

2. Any defendant so convicted shall forfeit to the United States of America the following:

(a) all right, title, and interest in any and all property, real or personal, constituting, or derived from, any proceeds traceable to the offenses; and

(b) To the extent such property is not available for forfeiture, a sum of money equal to the total value of the property described in subparagraph (a).

3. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), any defendant so convicted shall forfeit substitute property, up to the value of the property described in the preceding paragraph if, as the result of any act or omission of said defendant, the property described in the preceding paragraph or any portion thereof (a) cannot be located upon the exercise of due diligence; (b) has been transferred, sold to, or deposited with a third party; (c) has been placed beyond the jurisdiction of the court; (d) has been

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1 substantially diminished in value; or (e) has been commingled with
2 other property that cannot be divided without difficulty.

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4 A TRUE BILL

5
6 /S/

7 _____
Foreperson

8 TRACY L. WILKISON
9 Acting United States Attorney

10 

11 SCOTT M. GARRINGER
12 Assistant United States Attorney
13 Chief, Criminal Division

14 RANEE A. KATZENSTEIN
15 Assistant United States Attorney
Chief, Major Frauds Section

16 ALEXANDER B. SCHWAB
17 Assistant United States Attorney
Acting Deputy Chief, Major Frauds Section

18 JOSEPH S. BEEMSTERBOER
19 Acting Chief, Fraud Section
20 U.S. Department of Justice

21 ALLAN MEDINA
22 Deputy Chief, Fraud Section
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23 NIALL M. O'DONNELL
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25 EMILY Z. CULBERTSON
26 Trial Attorney, Fraud Section
27 U.S. Department of Justice
28